eHEALTH INITIATIVE

Real Solutions, Better Health

eHI Blueprint: Building Consensus for Common Action

ALIGNING FINANCIAL AND OTHER INCENTIVES

Agenda

- **Introduction to Aligning Financial and Other Incentives**
  - Our Shared Vision
  - Principles for Aligning Financial and Other Incentives
  - Overview of Strategies & Actions
  - Areas of Significant Discussion during Development
  - Discussion/Questions and Answers
    - **Peter Basch, MD; Medical Director for eHealth Initiatives, MedStar Health**
    - **Allan M. Korn, MD, FACP; Senior Vice President and Chief Medical Officer, Blue Cross and Blue Shield Association (Co-Chair)**
- **From Consensus to Common Action: What You Can Do**
    - **Peter Basch, MD; Medical Director for eHealth Initiatives, MedStar Health**
    - **Allan M. Korn, MD, FACP; Senior Vice President and Chief Medical Officer, Blue Cross and Blue Shield Association (Co-Chair)**

Agenda (cont.)

- **Example Practices in Aligning Financial and Other Incentives**
  - Gregory N. Larkin, MD, FAAFP, FACOEM, Quality Health First Project, Director, Corporate Health Services, Eli Lilly and Company
  - Tony Schueth, Southeast Michigan Initiative (SEMI)
  - Dick Thompson, Mesa County Physicians IPA

- **Wrap Up – Next Steps**
  - **Peter Basch, MD; Medical Director for eHealth Initiatives, MedStar Health**
  - **Allan M. Korn, MD, FACP; Senior Vice President and Chief Medical Officer, Blue Cross and Blue Shield Association (Co-Chair)**

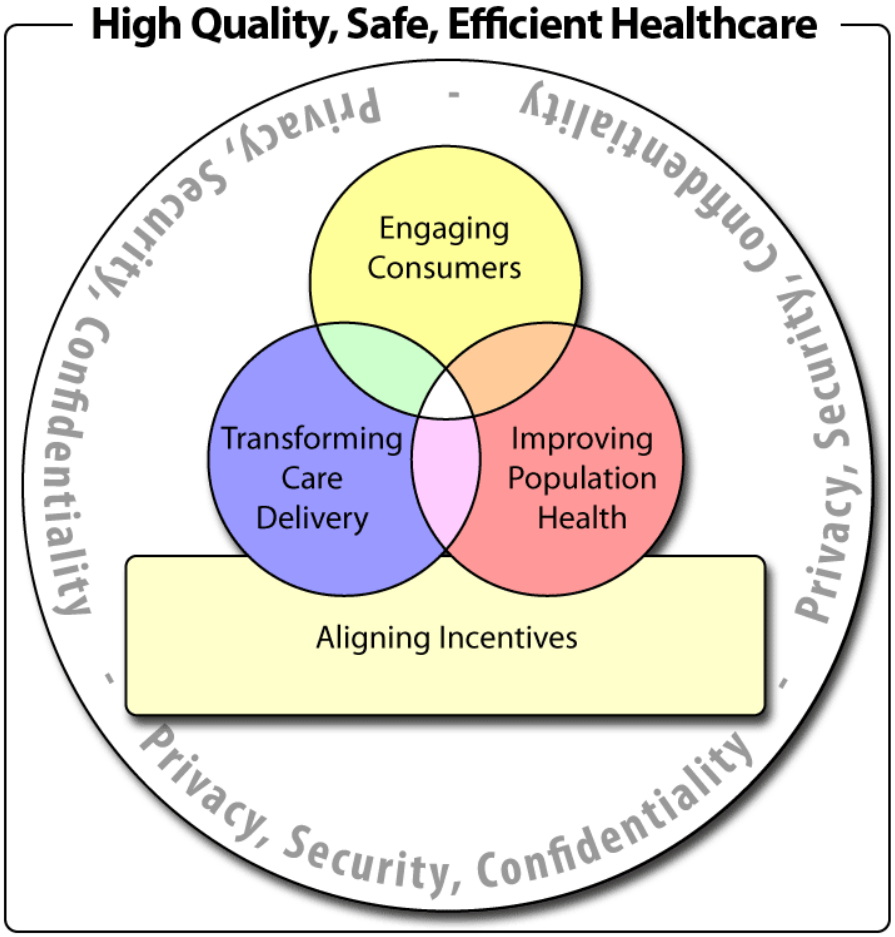
Our Shared Vision

We envision a high-performing healthcare system, where all those engaged in the care of the patient are linked together in secure and interoperable environments, and where the decentralized flow of clinical health information directly enables the most comprehensive, patient-centered, safe, efficient, effective, timely and equitable delivery of care where and when it is needed most – at the point of care. [1]

In our vision, financial and other incentives are aligned to directly support and accelerate all of the key elements of transformation -- engaging consumers, transforming care delivery at the point of care, and improving population health -- in a secure, private, and trusted environment.

[1] Institute of Medicine. Committee for Quality in Health Care in America. Crossing the Quality Chasm: A New Health System for the 21st Century. Washington, DC: National Academy Press; 2001.

Our Shared Vision



Our Shared Vision

Vision for Aligning Incentives:

- Healthcare providers are rewarded appropriately for managing the health of patients in a holistic manner. Meaningful incentives help accelerate improvements in quality, safety, efficiency and effectiveness. Quality of care delivery and outcomes are the engines that power the payment of providers.

Principles

1. **Meaningful Incentives:** Any financing or incentive program involving health IT should be meaningful and result in improvements in quality, safety, efficiency or effectiveness in health care.
2. **Phased Approach:** Financing or incentive programs should utilize a phased approach involving health IT beginning with the implementation of health IT and leading up to the use of electronic information to support performance improvement.

Principles

3. **Assure Interoperability:** Any financing or incentive program involving health IT should lead to the use of existing standards to assure interoperability.

4. **Cost Reflects the Benefit:** Stakeholders that benefit should share some of the cost related to health IT financing or incentives. To achieve this, more study is needed to ascertain specifically who benefits, and by how much. This information is critical to ensuring that incentives programs can be meaningful, phased, and appropriately aligned. In addition, incentive structures should be altered to accommodate those groups that do not have the ability to pay (e.g. underserved populations).

Strategies and Selected Actions

1) Create demonstration projects and private payer pilots to develop and test strategies for aligning incentives.

Selected Action:

- 1.1 Federal agencies, researchers and/or NGOs should perform an independent evaluation to quantify and account for all of the costs incurred and benefits received by specific stakeholders from the adoption and effective use of health IT by providers. The results of this study should be utilized to inform future policy decisions. (2008-2009 and ongoing)

Strategies and Selected Actions

2) Implement provider recognition strategies to encourage effective use of certified systems.

Selected Actions:

- 2.1 NGOs, in partnership with providers, plans and other stakeholders, should develop mechanisms to measure effective use of information from EHRs in both hospital and physician office settings (2008-2009)

- 2.2 Health Plans should consider listing in their directories those providers who have adopted certified EHR systems and are using them effectively, based on consensus measures of effective use. The listing should include an explanation to members about the significance of the EHR to patient care, impact on quality, and facilitation of improved patient access to the system. (2009)

Strategies and Selected Actions

3) Work with malpractice carriers to develop risk reduction strategies to lower malpractice insurance premium rates for providers who implement and effectively use certified systems to improve quality and safety.

Selected Actions:

- 3.1 Provider Organizations and other NGOs should work with the malpractice insurance carrier industry to collect actuarial evidence of the benefit of health IT use by providers. (2007-2008)

- 3.2 Malpractice insurers should calculate a premium discount that reflects the proportionate savings. (2008-2009)

Strategies and Selected Actions

4) Educate small practices and small hospitals to empower them to make wise purchasing decisions and provide them with the tools to make necessary workflow changes to improve the health and healthcare of their patients using EHRs and health information exchange.

Selected Actions:

- 4.1 CMS should increase QIO funding for the DOQ-IT program and provide personalized support for additional small physician practices. (2008)

- 4.2 CMS should expand the QIO program to assist additional small hospitals with the effective use of CPOE and EHRs to promote higher quality healthcare. (2008)

Strategies and Selected Actions

5) Implement tax incentives to encourage improvements in health and healthcare through HIT adoption by physicians in small practices and small hospitals.

Selected Actions:

- 5.1: Federal Agencies and NGOs should study the impact of providing tax incentives or small and rural providers to adopt HIT and use it effectively. (2008)

- 5.2 Congress should consider instituting tax incentives for small and rural providers to adopt HIT and use it effectively. (2009-2010)

Strategies and Selected Actions

6) Educate small practices and small hospitals to empower them to make wise purchasing decisions and provide them with the tools to make necessary workflow changes to improve the health and healthcare of their patients using EHRs and health information exchange.

Selected Actions:

- 6.1 Federal Agencies (HRSA and ONC) should fund research and development of lessons and tools to support sustainability of HIEs (2008)

- 6.2 NGOs should work directly with successful and unsuccessful HIEs to study, identify and learn from business models, their processes for creating the organization, and models for ongoing sustainability. (2008)

Strategies and Selected Actions

7) Provide grants and loans to offset start up costs of exchanges in geographic areas where no or limited data exchange currently exists.

Selected Actions:

- 7.1 Congress should establish a matching funds loan program for states to make initial low cost loans to start-up HIEs in areas where no or limited HIEs exist. Funding should be available to allow providers to acquire the systems/infrastructure needed to connect to the exchange. (2008)

- 7.2 NGOs (philanthropies) and the Federal Agencies should continue to fund early developmental phases of HIEs, tied to specific performance goals and deliverables to help ensure sustainability (2008-ongoing)

Strategies and Selected Actions

8) Harmonize and leverage efforts of current organizations that are creating evidence-based performance measures to maximize impact, streamline and standardize reporting.

Selected Actions:

- 8.1 All stakeholders should agree on a national measurement harmonization strategy to create an initial set of consistent and uniform quality measures that are meaningful and whose use will likely lead to improvements in quality, safety, efficiency or effectiveness in health care. (2007-2008)

- 8.2 All stakeholders in quality measurement and improvement should utilize the resulting uniform measure set in quality reporting initiatives, in order to minimize burden of reporting and financial costs related to collection of data (2009)

Strategies and Selected Actions

9) Identify and standardize electronic data elements for each consensus performance measure … so that measures can be readily incorporated by vendors into EHR systems and by health information exchange initiatives, and data can be electronically transmitted and collected from clinical sources and rewarded.

Selected Actions:

- 9.1 The federal government should designate a lead organization to standardize data elements used in quality performance measurement reporting. (2008)

- 9.2 NGOs, Provider Organizations and HIT Vendors (through organizations such as the National Quality Forum NQF) should continue to identify established high priority measures for the near-term implementation of data capture for quality measurement. (2008)

Strategies and Selected Actions

10) Coordinate HIE and quality data aggregation activities to assure interoperability and make administrative start up and ongoing costs associated with them as efficient as possible, thereby reducing burden of participation by both payers and providers.

Selected Actions:

- 10.1 The federal government should support the creation of "value exchanges" and regional health information exchanges and incentivize their collaboration with each other, as well as QIOs who can serve as quality partners. (2008-2009)

- 10.2 NGOs should study, identify and recommend best practices for convening and operating multi-stakeholder value exchanges and health information exchanges (2008-2009)

Strategies and Selected Actions

11) Transition from performance measures that rely on manual chart abstraction and claims data to measures that rely on not only claims data but also electronic clinical data sources

Selected Actions:

- 11.1 The federal government should work with Quality Organizations to determine a timeline to transition to standardized electronic data reporting, including measures that rely on multiple electronic data sources to encourage data sharing. (2007-2008)

- 11.2 CMS, federal and state governments should lead by mandating electronic data submission for participation in quality reporting programs. (2011-2020)

Areas of Significant Discussion

- **Who benefits from health IT adoption and effective use? Who should help pay?**
  - Objective, quantitative data needed.
- **Which approach to take:**
  - Incentivize HIT adoption?
  - Incentivize quality, providers will make the investment?
  - Not clear only one approach will work; more study needed.
- **Agreed on end-goals: Quality, Efficiency.**

Questions and Answers

- **First Impressions?**
- **Feedback and Overall Reaction to the Aligning Financial and Other Incentives Section**
  - Principles
  - Strategies
  - Actions
- **What do you think will work? What won't?**
- **Any gaps or non-starters?**

Wrap-Up: Next Steps

- **How can you help turn consensus into common action?**
- **Phase II: The Blueprint is designed so that stakeholders can build elements into their work plans and agendas in the coming years**
  - This process will tell us what is actionable
  - The Blueprint is a living document – as you consider incorporating elements, please provide feedback to eHI

Example Practices

ADD SPEAKER PRESENTATIONS